

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

Nov 12, 2018

SEAN F. McAVOY, CLERK

SEASIDE INLAND TRANSPORT,

Plaintiff,

v.

COASTAL CARRIERS LLC; JOHN
DUNARD AND NICOLE DUNARD,
husband and wife; COASTAL
CARRIERS TRUCK LINES, LLC;
JOHN HARREL, a single man;
VALKYRIE EXPRESS LLC; and
VALKYRIE LOGISTICS LLC,

Defendants.

No. 2:17-CV-00143-SMJ

**ORDER GRANTING
DEFENDANTS' MOTION TO
DISMISS**

Before the Court, without oral argument, is Defendants John Harrell; Coastal Carriers Truck Lines, LLC; Valkyrie Express, LLC; and Valkyrie Logistics, LLC's (collectively, "Defendants") Motion to Dismiss for Lack of Personal Jurisdiction and Failure to State a Claim, ECF No. 119. Defendants assert the Third Amended Complaint should be dismissed for lack of personal jurisdiction and failure to state a claim. Plaintiff Seaside Inland Transport ("Seaside") opposes the motion. ECF No. 125. Having reviewed the pleadings and the file in this matter, the Court is fully informed and grants the motion.

I. BACKGROUND

Paul Massingill is the principal of Seaside, a corporation formed in California and doing business in Wenatchee, Washington. ECF No. 111 at 2. John and Nicole Dunard are the principals of Coastal Carriers, LLC (“Coastal”); Coastal Carriers Truck Lines, LLC (“Coastal Truck”); Valkyrie Express, LLC (“Valkyrie Express”); and Valkyrie Logistics, LLC (“Valkyrie Logistics”). *Id.* at 3. John Harrell (“Harrell”) is the Controller of Coastal and Coastal Truck. *Id.*

In January 2, 2002, Massingill (DBA Seaside) and Coastal Carriers, Inc.¹ entered into a written agreement for Massingill to be Coastal’s agent. ECF No. 111-1. Under the agreement, Massingill brokered freight in Coastal’s name and received commission from the freight charges that Coastal invoiced a shipper. ECF No. 111 at 7. In 2004, Massingill incorporated Seaside and ceased personally brokering freight for Coastal. *Id.* at 8. With Coastal’s knowledge, Seaside assumed Massingill’s role as Coastal’s broker. *Id.* Although Seaside did not sign a new agreement, Seaside operated in a manner consistent with the terms of the agreement. *Id.*

In 2006, Mr. Dunard acquired his own fleet of trucks that he operated under Coastal Truck. *Id.* at 10. Coastal, Coastal Truck, Mr. Dunard, and Harrell mandated

¹ Coastal Carriers, Inc. ceased to operate in 2016, and Coastal Carriers LLC assumed its business operations. As such, both are collectively referred to as Coastal. ECF No. 111 at 4.

1 that Seaside find customers with the freight to load on Coastal Truck's trucks. They
2 also charged and received carrier costs in excess of prevailing market prices, which
3 resulted in smaller commission payments to Seaside. *Id.* Additionally, they
4 prevented Seaside-generated shippers or customers from using Seaside as their
5 freight broker.

6 Coastal also unilaterally imposed a six-month rule. *Id.* at 12. If a customer
7 had not moved shipments through Seaside within six months, whether or not
8 Seaside was in contact with the customer, Mr. Dunard; Harrell; and Coastal claimed
9 the customer as Coastal's own and stopped paying Seaside commissions. *Id.* Only
10 Mr. Dunard, Harrell, and Coastal controlled the administrative access to the
11 McLeod freight shipping software where Seaside uploaded shipper, freight, and
12 carrier information, so while they could monitor the activity of a Seaside-generated
13 customer, Seaside could not. *Id.*

14 Moreover, Seaside was required to secure Coastal's permission to move a
15 customer's shipment. *Id.* at 13. Mr. Dunard, Harrell, and Coastal fraudulently
16 denied permission by citing a customer's alleged credit risk or other issues. *Id.* They
17 would then contact Coastal Truck, Valkyrie Express, or Valkyrie Logistics to carry
18 the customer's freight and pay Seaside no commission. *Id.* Coastal, Mr. Dunard,
19 Harrell, and Coastal Truck denied Seaside information concerning the freight that
20 Coastal Truck, Valkyrie Express, or Valkyrie Logistics carried for Seaside-

1 generated customers. *Id.* at 14.

2 In 2008 and 2015, Seaside's success brokering freight for Coastal led to its
3 expansion. It expended money for office space, equipment, marketing, and staff. *Id.*
4 at 14–15. At Mr. Dunard, Harrell, and Coastal's demand, Seaside hired individuals
5 to broker freight, i.e., subagents, who were to be paid commissions. *Id.* at 15. The
6 subagents worked in Seaside's offices, using Seaside's equipment, and reported to
7 Massingill. *Id.* Seaside paid for the subagents' training and retention costs that
8 included bonuses or rewards. *Id.* Mr. Dunard, Harrell, and Coastal never reimbursed
9 Seaside for such overhead costs. *Id.* Coastal then deducted the subagents' payroll
10 expenses from Seaside's commissions. *Id.* When a subagent generated a freight
11 shipment, Coastal paid him or her 25% commission and Seaside 30% commission.
12 *Id.*

13 Seaside and Coastal's business relationship terminated on March 13, 2017.
14 ECF No. 111-4. Seaside estimates its unpaid commissions to total around
15 \$1,648,857.66. ECF No. 111 at 17, 21.

16 II. LEGAL STANDARD

17 A. Federal Rule of Civil Procedure 12(b)(2)

18 In resolving a motion to dismiss for lack of personal jurisdiction under Rule
19 12(b)(2) on written materials, the Court accepts uncontroverted facts in the Third
20 Amended Complaint as true and resolves conflicts presented in affidavits in

1 Plaintiff's favor. *See Mavrix Photo, Inc. v. Brand Techs., Inc.*, 647 F.3d 1218, 1223
2 (9th Cir. 2011). Courts may consider evidence presented in affidavits and
3 declarations to determine whether personal jurisdiction exists over defendants. *Doe*
4 *v. Unocal Corp.*, 248 F.3d 915, 922 (9th Cir. 2001). Where a defendant's motion is
5 based on a written record and no evidentiary hearing is held, the plaintiff need only
6 make a prima facie showing of jurisdictional facts. *Picot v. Weston*, 780 F.3d 1206,
7 1210 (9th Cir. 2015).

8 The Court exercises personal jurisdiction over Defendants if (1) it is
9 permitted by the state's long-arm statute and (2) the exercise of jurisdiction does
10 not violate federal due process. *See Pebble Beach Co. v. Caddy*, 453 F.3d 1151,
11 1154 (9th Cir. 2006).

12 The Court first "begins its personal jurisdiction analysis with the long-arm
13 statute of the state in which the court sits." *Glencore Grain Rotterdam B.V. v.*
14 *Shivnath Rai Harnarain Co.*, 284 F.3d 1114, 1123 (9th Cir. 2002). Washington's
15 long-arm statute extends the Court's personal jurisdiction to the broadest reach
16 permitted by the United States Constitution. *See Wash. Rev. Code* ("RCW")
17 § 4.28.185. Because Washington's long-arm statute is coextensive with federal due
18 process requirements, the jurisdictional analysis is the same. *See Schwarzenegger*
19 *v. Fred Martin Motor Co.*, 374 F.3d 797, 800–01 (9th Cir. 2004).

20 Due process requires that a defendant "have certain minimum contacts with

1 [the forum state] such that the maintenance of the suit does not offend traditional
2 notions of fair play and substantial justice.” *Int’l Shoe Co. v. Washington*, 326 U.S.
3 310, 315 (1945); *see Walden v. Fiore*, 571 U.S. 277, 283 (2014).

4 The strength of “minimum contacts” required depends on the type of
5 jurisdiction invoked: general, “all-purpose,” or specific, “conduct-linked.” *Daimler*
6 *AG v. Bauman*, 571 U.S. 117, 121 (2014).

7 **1. General Jurisdiction**

8 To establish general jurisdiction, a plaintiff must demonstrate that the
9 defendant has continuous and systematic contacts sufficient to approximate
10 physical presence in the state. *In re W. States Wholesale Nat. Gas Antitrust Litig.*,
11 715 F.3d 716, 741 (9th Cir. 2013). The standard is “exacting” because it would
12 allow a defendant to be haled into court in the forum state to answer for any of its
13 activities anywhere in the world. *Schwarzenegger*, 374 F.3d at 801.

14 A foreign entity must have affiliations so continuous and systematic as to
15 render it “essentially at home” in the forum state. *Goodyear Dunlop Tires*
16 *Operations, S.A. v. Brown*, 564 U.S. 915, 919 (2011) (corporations); *Ranza v. Nike,*
17 *Inc.*, 793 F.3d 1059, 1069 (9th Cir. 2015) (limited liability companies). Factors to
18 consider are whether the defendant makes sales, solicits or engages in business in
19 the state, serves the state’s markets, designates an agent for service of process, holds
20 a license, or is incorporated there. *See Hirsch v. Blue Cross, Blue Shield of Kansas*

1 *City*, 800 F.2d 1474, 1478 (9th Cir. 1986).

2 **2. Specific Jurisdiction**

3 For the Court to exercise specific jurisdiction, “the defendant’s suit-related
4 conduct must create a substantial connection with the forum State.” *Walden*, 571
5 U.S. at 284. Three requirements must be satisfied: (1) the defendant either
6 “purposefully direct[s]”² its activities or “purposefully avails”³ itself of the benefits
7 afforded by the forum’s laws; (2) the claim arises out of or relates to the defendant’s
8 forum-related activities; and (3) the exercise of jurisdiction comports with fair play
9 and substantial justice, i.e., it is reasonable. *Dole Food Co. v. Watts*, 303 F.3d 1104,
10 1111 (9th Cir. 2002).

11 The requisite minimum contacts must arise out of contacts that the defendant
12 itself creates with the forum state, and not the defendant’s contacts with persons
13 who reside there. *Walden*, 571 U.S. at 284. While physical presence in the forum
14 state is irrelevant, “physical entry into the State—either by the defendant in person
15 or through an agent, goods, mail, or some other means—is certainly a relevant
16 contact. *Id.*

17 **B. Federal Rule of Civil Procedure 12(b)(6)**

18 A complaint must contain “a short and plain statement of the claim showing
19

20 ² A purposeful direction analysis is generally used in suits sounding in tort. *Schwarzenegger*, 374 F.3d at 802.

³ A purposeful availment analysis is generally used in suits sounding in contract. *Id.*

1 that the pleader is entitled to relief.” Fed. R. Civ. P. 8(a)(2). Under Rule 12(b)(6), a
2 complaint is subject to dismissal if it “fail[s] to state a claim upon which relief can
3 be granted.” “Threadbare recitals of the elements of a cause of action, supported by
4 mere conclusory statements, do not suffice.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678
5 (2009).

6 To survive a motion to dismiss under Rule 12(b)(6), a complaint must allege
7 “enough facts to state a claim to relief that is plausible on its face.” *Bell Atl. Corp.*
8 *v. Twombly*, 550 U.S. 544, 570 (2007). A claim is plausible on its face when “the
9 plaintiff pleads factual content that allows the court to draw the reasonable inference
10 that the defendant is liable for the misconduct alleged.” *Iqbal*, 556 U.S. at 678.
11 “Where the well-pleaded facts do not permit the court to infer more than the mere
12 possibility of misconduct, the complaint has alleged—but has not ‘show[n]’—that
13 the pleader is entitled to relief.” *Id.* at 679 (quoting Fed. R. Civ. P. 8(a)(2)).

14 In deciding a Rule 12(b)(6) motion, the Court construes the complaint in the
15 light most favorable to the plaintiff and draws all reasonable inferences in the
16 plaintiff’s favor. *Ass’n for L.A. Deputy Sheriffs v. County of Los Angeles*, 648 F.3d
17 986, 991 (9th Cir. 2011). The Court accepts as true all factual allegations contained
18 in the complaint. *Iqbal*, 556 U.S. at 678.

19 III. DISCUSSION

20 Defendants argue they are not subject to the Court’s specific or general

jurisdiction in Washington. ECF No. 119. They alternatively argue that Seaside fails to state a claim against them. *Id.* For the reasons noted below, the Court agrees.

A. Coastal Truck

1. Personal Jurisdiction

Seaside posits the Court has both general and specific jurisdiction over Coastal Truck. ECF No. 125. It asserts Coastal Truck continuously operated in Washington since 2007 and employed Seaside and about 56 people to broker freight. Coastal Truck also carried freight in and out of Washington.

Seaside partly relies on “alter ego” imputed jurisdiction, as Coastal is actually the entity that employed Seaside and 56 subagents, not Coastal Truck. *See* ECF Nos. 111-1 at 2; 111 at 4. Seaside further alleges that the two entities “have the same ownership, management, employees or agents” and work from the same offices located in Missouri. ECF No. 111 at 4–5.

a. General Jurisdiction

The Supreme Court has rejected a theory that would permit the exercise of general jurisdiction in every state in which a corporation engages in a substantial, continuous, and systematic course of business. *Daimler*, 571 U.S. at 137–38. And simply “doing business” is insufficient. *Id.* at 139 n.20 (“A corporation that operates in many places can scarcely be deemed at home in all of them.”).

Here, Seaside does not sufficiently allege factual content for the Court to

1 conclude general jurisdiction exists. Seaside’s assertions of Coastal Truck’s
2 activities do not render it “essentially at home” in Washington, as its activities there
3 are limited in comparison to its activities in Missouri, where it maintains its
4 principal place of business. *See* ECF No. 120; *Ranza*, 793 F.3d at 1070 (rejecting
5 general jurisdiction where a limited liability company sent employees and products
6 and engaged in commercial transactions in Oregon, but had the vast majority of
7 employees and business activities in Europe).

8 Moreover, courts have limited the “alter ego” theory of imputed jurisdiction
9 to the parent-subsidary context, and Seaside fails to plead sufficient facts or cite
10 legal authority saying otherwise. *See, e.g., Williams v. Yamaha Motor Co.*, 851 F.3d
11 1015, 1022 (9th Cir. 2017). As such, the Court rejects this argument.

12 **b. Specific Jurisdiction**

13 However, Seaside has met its prima facie burden to show the Court may
14 exercise specific jurisdiction over Coastal Truck. Because Seaside’s claims sound
15 in both contract and tort, either the purposeful availment or purposeful direction test
16 applies. The stronger argument is that Coastal Truck purposefully availed itself of
17 the privilege of doing business in Washington, such as executing employment
18 contracts and delivering freight. *See Schwarzenegger*, 374 F.3d at 802 (“A showing
19 that a defendant purposefully availed himself of the privilege of doing business in
20 a forum state typically consists of evidence of the defendant’s actions in the forum,

1 such as executing or performing a contract there.”). Physical entry into the forum
2 state through an agent, goods, or some other means is also sufficient relevant
3 contact. *See Walden*, 571 U.S. at 284.

4 Here, Coastal Truck availed itself of the privilege of conducting activities
5 within the forum state, i.e., profiting from the shipment of goods. While Coastal
6 Truck argues that it has no offices or employees in Washington and had no contact
7 with Washington or Seaside, Seaside alleges that it and other agents in Washington
8 were employed by Coastal Truck, and that Coastal Truck had such agents hold
9 themselves out to be its employees, ECF No. 125 at 8. Indeed, at least one exhibit
10 indicates that Massingill signed his email signature line as the Director of
11 Operations of Coastal and Coastal Truck. ECF No. 126-1 at 12. Moreover, it
12 appears Coastal Truck picked up or delivered freight in Washington. *Id.* at 2–3. As
13 the Court must resolve conflicts presented in affidavits in Seaside’s favor, *see*
14 *Mavrix*, 647 F.3d at 1223, the Court finds the minimum contact element met.

15 The second element for relatedness is also met, because Seaside’s claims
16 arise out of or relate to Coastal Truck’s employment of agents and delivery of
17 freight in Washington.

18 Lastly, the exercise of jurisdiction is reasonable. The defendant has the
19 burden of demonstrating unreasonableness: it must be “compelling.” *Burger King*
20 *Corp. v. Rudzewicz*, 471 U.S. 462, 476–77 (1985). Here, the Court concludes the

1 *Burger King* factors⁴ weigh in favor of reasonableness, and Defendants do not set
2 forth any arguments to suggest otherwise. As such, they do not meet their burden
3 and the exercise of jurisdiction is reasonable. *See Bancroft & Masters, Inc. v.*
4 *Augusta Nat. Inc.*, 223 F.3d 1082, 1089 (9th Cir. 2000) (finding reasonableness
5 where the defendant attempted no showing of the *Burger King* factors); *Haisten v.*
6 *Grass Valley Med. Reimbursement Fund, Ltd.*, 784 F.2d 1392, 1397 (9th Cir. 1986)
7 (presuming reasonableness where minimum contacts are met).

8 Therefore, the Court exercises personal jurisdiction over Coastal Truck.

9 **2. Failure to State a Claim**

10 The Court now turns to whether Seaside's Third Amended Complaint states
11 a claim against Coastal Truck.

12 **a. Fraud, Interference with Business Expectancy, and** 13 **Conversion**

14 Seaside claims Coastal Truck defrauded it by "making false statements,
15 withholding material information, using Seaside's trade secrets and other
16 confidential information, and/or failing to account to Seaside for the purpose of

17 ⁴ The reasonableness determination requires the consideration of several specific
18 factors: (1) the extent of the defendant's purposeful interjection into the forum state,
19 (2) the burden on the defendant in defending in the forum, (3) the extent of the
20 conflict with the sovereignty of the defendant's state, (4) the forum state's interest
in adjudicating the dispute, (5) the most efficient judicial resolution of the
controversy, (6) the importance of the forum to the plaintiff's interest in convenient
and effective relief, and (7) the existence of an alternative forum. *Burger King*, 471
U.S. at 476–77.

1 intentionally not paying Seaside commissions due and owing and taking Seaside's
2 generated customers." ECF No. 111 at 25.

3 Seaside further claims that Coastal Truck "unlawfully interfered with
4 Seaside's business operations by unlawfully soliciting and/or taking the business of
5 Seaside, causing Seaside to wind up its business affairs, lose business value, and
6 suffer damages." *Id.* at 23. Moreover, Coastal Truck allegedly "converted money
7 due [to] Seaside." *Id.* at 21.

8 However, Seaside's claims are deficient because the Court cannot reasonably
9 infer that Coastal Truck is liable for these alleged torts. Seaside alleges that Coastal,
10 Mr. Dunard, and Harrell induced it to upload information on the software system,
11 and then shared that information with Coastal Truck. Coastal Truck received that
12 information and made contact with Seaside-generated freight and shippers, but it
13 did not make any representations⁵ to Seaside. Moreover, Seaside presents no facts
14 indicating that Seaside had valid contractual relationships or business expectancies
15 with the customers whose information it uploaded onto the software.⁶ And the

16
17 ⁵ The elements of fraud include: (1) representation of an existing fact; (2)
18 materiality; (3) falsity; (4) the speaker's knowledge of its falsity; (5) intent of the
19 speaker that it should be acted upon by the plaintiff; (6) plaintiff's ignorance of its
20 falsity; (7) plaintiff's reliance on the truth of the representation; (8) plaintiff's right
to rely upon it; and (9) damages suffered by the plaintiff. *Adams v. King County*,
164 Wash. 2d 640, 662 (2008).

⁶ The elements of tortious interference are: (1) the existence of a valid contractual
relationship or business expectancy; (2) that defendants had knowledge of that
relationship; (3) an intentional interference inducing or causing a breach or

1 complaint is devoid of allegations indicating that Coastal Truck had an improper
2 purpose or used improper means in contacting those customers. Coastal Truck was
3 certainly entitled to compete, especially if the customers had not moved shipments
4 through Seaside for six months. *See id.* at 12.

5 Additionally, there are no allegations that Coastal Truck “intentionally
6 interfere[d] with [the money] belonging to [Seaside], either by taking or unlawfully
7 retaining it.” *Alhadeff v. Meridian on Bainbridge Island, LLC*, 167 Wash. 2d 601,
8 619 (2009) (discussing conversion); *see* ECF No. 125 at 15 (claiming that the
9 chattel converted was money). Seaside is not the automatic “rightful owner” of its
10 customers’ business, or the money derived from it. *See Alhadeff*, 167 Wash. 2d at
11 619. Nor is it evident how Coastal Truck took or unlawfully retained Seaside’s
12 money. *See id.*

13 Because Seaside’s threadbare allegations fail to show that it is entitled to
14 relief, the Court dismisses the fraud, tortious interference, and conversion claims
15 against Coastal Truck without leave to amend.

16 **b. Alter Ego**

17 Seaside alleges Coastal Truck, among others, is the alter ego of Mr. Dunard.
18 ECF No. 111 at 27. “Where a private person so dominates and controls a corporation
19 _____
20 termination of the relationship or expectancy; (4) that defendants interfered for an
improper purpose or used improper means; and (5) resultant damage. *Leingang v.*
Pierce Cty. Med. Bureau, Inc., 131 Wash. 2d 133, 157 (1997).

1 that such corporation is his alter ego, a court is justified in piercing the veil of
2 corporate entity and holding that the corporation and private person are one and the
3 same.” *Pohlman Inv. Co. v. Va. City Gold Mining Co.*, 184 Wash. 273, 283 (1935).

4 Mr. Dunard is one of Coastal Truck’s two principals. ECF No. 111 at 3.
5 Seaside submits exhibits of Mr. Dunard’s communications, but they relate to
6 Coastal, not Coastal Truck. *See, e.g.*, ECF No. 111-1 at 8. Having considered the
7 pleadings and affidavits, the Court cannot reasonably infer that Mr. Dunard
8 dominates and controls Coastal Truck to the extent that his signature and actions
9 are “tantamount to” Coastal Truck’s signature and actions. *See Standard Fire Ins.*
10 *Co. v. Blakeslee*, 54 Wash. App. 1, 7 (1989). In fact, the exhibits show that Mr.
11 Dunard never even signed a communication on Coastal Truck’s behalf, although
12 Harrell certainly did. *See* ECF No. 126-1 at 5, 7.

13 Accordingly, the Court dismisses Seaside’s alter ego claim against Coastal
14 Truck without leave to amend.

15 **c. Unjust Enrichment**

16 Seaside alleges Coastal Truck was unjustly enriched by its “wrongful
17 retention of money due Seaside, and/or failure to pay commissions, and/or by
18 causing Seaside to pay or incur liability in excess of \$75,000.00 to increase the size
19 of Seaside’s business operations.” ECF No. 111 at 22.

20 Seaside’s inclusion of Coastal Truck in its unjust enrichment claim is

1 puzzling. While Seaside pled that Coastal failed to pay commissions and Coastal
2 directed Seaside to increase the size of its business operations, Coastal Truck was
3 never once mentioned. And yet, Seaside includes Coastal Truck in the list of those
4 who have allegedly been unjustly enriched. *Id.*

5 As Seaside fails to state a claim for relief that is plausible on its face, the
6 Court dismisses the unjust enrichment claim against Coastal Truck without leave to
7 amend.

8 **d. Civil Conspiracy**

9 Seaside alleges Defendants (including Coastal Truck), Coastal, and Mr.
10 Dunard “agreed to combine their efforts to broker and/or transport freight, using
11 information Seaside uploaded onto the McLeod freight shipping software these
12 Defendants shared, without notifying Seaside and without paying Seaside
13 commissions it was due.” *Id.* at 26.

14 Putting aside Seaside’s conclusory allegation that there was an agreement,
15 the complaint lacks factual content indicating an agreement, either direct or
16 circumstantial. *See Newton Ins. Agency & Brokerage, Inc. v. Caledonian Ins. Grp.*,
17 114 Wn. App. 151 (2002). As such, the Court dismisses the civil conspiracy claim
18 against Coastal Truck with leave to amend.

19 **e. Trade Secrets Claims**

20 Seaside alleges Coastal Truck “willfully, maliciously, and in bad faith

1 misappropriated and used Seaside’s trade secrets (e.g. its customer lists, marketing,
2 and its shipper and carrier bidding and pricing processes, practices, and methods)
3 in violation of the Defend Trade Secrets Act, 18 USC § 1836, causing Seaside to
4 suffer and to continue to suffer injury.” ECF No. 111 at 26–27. Seaside claims this
5 also violated Washington State’s Uniform Trade Secrets Act. *Id.* at 27.

6 Seaside first fails to plead why its customer lists and freight and carrier
7 information were trade secrets, especially when others could readily ascertain such
8 information—just as Seaside did. *See* 18 U.S.C. § 1836, RCW 19.108.010(4). More
9 importantly, however, Seaside fails to allege why Coastal Truck is liable for
10 misappropriation, when it explicitly claims that Coastal, Mr. Dunard, and Harrell
11 induced Seaside to disclose such information onto the database—not Coastal Truck.

12 Even assuming *arguendo* that Seaside wanted to hold Coastal Truck liable
13 for its actions in concert with them, the Court rejects, as mentioned above, a
14 conspiracy claim. As such, the Court disregards the naked assertions of “mere
15 possibility of misconduct,” *Iqbal*, 556 U.S. at 679, and dismisses the trade secrets
16 claims with leave to amend.

17 **f. Injunctive Relief, Constructive Trust, and Accounting**

18 Because Seaside fails to state a proper claim against Coastal Truck, the Court
19 rejects any relief and remedies as applied to it. Accordingly, Coastal Truck is
20 dismissed from the action and the Court grants Defendants’ motion to dismiss.

1 **B. Valkyrie Express, LLC; and Valkyrie Logistics, LLC**

2 **1. Personal Jurisdiction**

3 Seaside contends the Court has specific personal jurisdiction over Valkyrie
4 Express and Valkyrie Logistics (“the Valkyrie companies”⁷) because they are “alter
5 egos”⁸ of Coastal, Coastal Truck, Harrell, and the Dunards, and “worked in
6 concert.” ECF No. 111 at 4–5. Seaside alleges that the Dunards made Mrs. Dunard
7 the principal of the Valkyrie companies “to secure freight shipping business that
8 prefers female ownership.” *Id.* at 5.

9 However, Seaside fails to plead sufficient facts to demonstrate the Court may
10 exercise specific personal jurisdiction over the Valkyrie companies. Not only does
11 Seaside fail to show how the Valkyrie companies purposefully directed their
12 activities or availed themselves of Washington’s benefits, but it also fails to show
13 that its tort and contract claims arose out of the Valkyrie companies’ activities—
14 securing business that prefers female ownership. In other words, Seaside’s claims
15 would still have arisen “but for” their alleged activities. *See Ballard v. Savage*, 65
16 F.3d 1495, 1500 (9th Cir. 1995) (applying the “but for” test for the relatedness
17 prong). Unlike there was for Coastal Truck, there is no indication here that the

18 _____
19 ⁷ The Valkyrie companies are both Missouri limited liability companies with their
principal place of business in Wentzville, Missouri. ECF No. 111 at 3.

20 ⁸ For the same reasons discussed above, the Court again rejects this imputed
jurisdiction argument under the alter ego theory.

1 Valkyrie companies delivered goods in Washington or employed agents in
2 Washington.

3 Seaside attempts to save the deficiency through its responsive pleading,
4 newly asserting that the Valkyrie companies subjected themselves to the Court's
5 personal jurisdiction "through their agents' (Coastal Carriers, Coastal Carriers
6 Truck Lines, and Dunard) contacts." ECF No. 125 at 9. The Valkyrie companies
7 also "had Seaside upload its confidential information on the McLeod Software
8 System from inside Washington State." *Id.* at 10.

9 Even crediting as true Seaside's version of the facts, Seaside still fails to
10 make out a prima facie case for an agency relationship: that an agent acted "on the
11 principal's behalf and subject to the principal's control." *Williams v. Yamaha Motor*
12 *Co.*, 851 F.3d 1015, 1024 (9th Cir. 2017) (concluding specific jurisdiction was
13 lacking because the appellants failed to make out a prima facie case for an agency
14 relationship). And in any case, Seaside fails to show how the agency theory extends
15 beyond the parent-subsidary context. *See id.* at 1022.

16 Accordingly, the Court lacks personal jurisdiction over the Valkyrie
17 companies and dismisses the complaint in its entirety as to them.

18 **C. John Harrell**

19 **1. Personal Jurisdiction**

20 Seaside posits the Court has specific jurisdiction over Harrell, who "visited

1 Washington State in his controller capacity at least 6 times” to check on the work
2 of Coastal and Coastal Truck’s agents. ECF No. 125. “Harrell also repeatedly
3 reached into Washington State via phone, email, and instant messenger to
4 communicate, on about a daily basis,” with Coastal and Coastal Truck’s agents. *Id.*
5 With this, Seaside concludes “Harrell’s direct contacts with Washington State give
6 this Court personal jurisdiction.” *Id.*

7 The Court disagrees. Harrell’s contacts with persons who reside in
8 Washington is irrelevant. *See Walden*, 571 U.S. at 284. He did not create any
9 contacts in Washington, and did not have a “substantial connection” with
10 Washington. *See id.* And as with the Valkyrie companies, Seaside fails to show how
11 its claims relate to Harrell’s business trips to Washington and contact with agents
12 there. *See Ballard*, 65 F.3d at 1500 (noting that a defendant who took 24 business
13 trips unrelated to the cause of action weighed against the exercise of specific
14 jurisdiction). Seaside does not claim that its entire business relationship with
15 Coastal and Coastal Truck was unlawful. Seaside’s claims would still have arisen
16 but for Harrell’s business trips and electronic communication.

17 As such, the Court declines to exercise personal jurisdiction over Harrell and
18 dismisses the complaint in its entirety as to him.

19 Accordingly, **IT IS HEREBY ORDERED:**

20 **1. Defendants’ Motion to Dismiss for Lack of Personal Jurisdiction and**

1 Failure to State a Claim, **ECF No. 119**, is **GRANTED**.


2 **2.** The Third Amended Complaint is **DISMISSED** as to Defendants John
3 Harrell; Coastal Carriers Truck Lines, LLC; Valkyrie Express, LLC;
4 and Valkyrie Logistics, LLC.

5 **A.** All claims against Defendants John Harrell; Valkyrie Express,
6 LLC; and Valkyrie Logistics, LLC are dismissed **WITH**
7 **PREJUDICE**.

8 **B.** The civil conspiracy and trade secrets claims against Defendant
9 Coastal Carriers Truck Lines, LLC are dismissed **WITHOUT**
10 **PREJUDICE**. All remaining claims against Defendant Coastal
11 Carriers Truck Lines, LLC are dismissed **WITH PREJUDICE**.

12 **IT IS SO ORDERED.** The Clerk's Office is directed to enter this Order and
13 provide copies to all counsel.

14 **DATED** this 12th day of November 2018.

15 
16 SALVADOR MENDOZA, JR.
United States District Judge